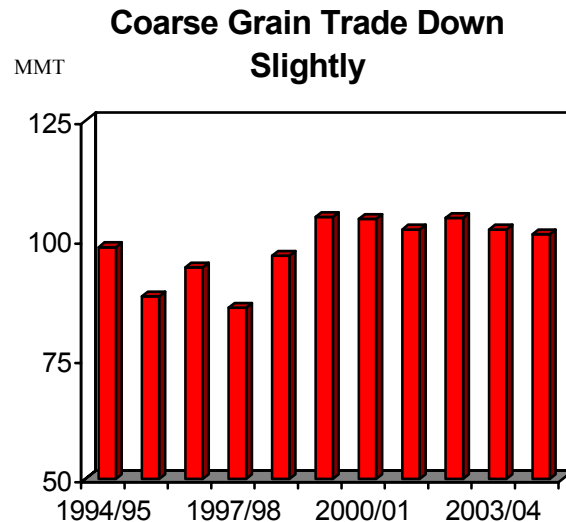
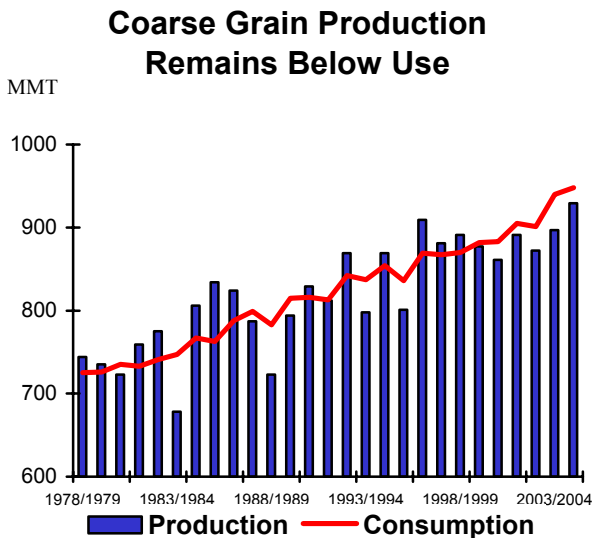
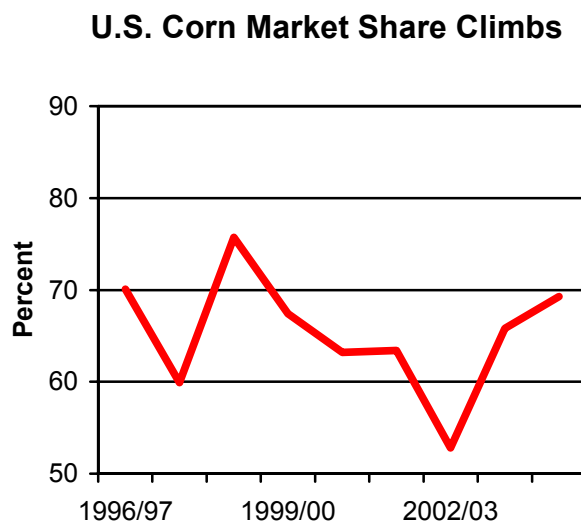


COARSE GRAINS: WORLD MARKETS AND TRADE



World coarse grain production and consumption are both forecast to set new records in 2004/05, yet ending stocks will continue a 6-year decline and hit a 28-year low. The stocks-to-use ratio is consequently forecast at 11.0 percent, a record low. World trade is forecast down slightly, primarily because of reduced corn trade.

World **corn** production is forecast at a record 643 million tons. However, with record utilization, ending stocks are forecast to reach the lowest level since 1975/76. Global consumption is projected to rise by nearly 14 million tons, led by robust growth in Brazil, China, and the EU-25. World trade is forecast down 2.5 million tons to 76.4 million, with better crop prospects and an increase in intra-trade in the newly expanded EU-25. U.S. exports are forecast to reach the highest level in 10 years and market share would hit a 6-year high due to reduced competition from China and Brazil, where robust domestic demand is expected to limit exportable supplies. Argentine exports are also expected to expand as a result of prospects for a larger crop.



China's consumption growth, led by surging feed and industrial demand, is forecast to continue outstripping production. Acreage is expected to drop despite government efforts to boost grain

production (for more information, please see <http://www.fas.usda.gov/grain/highlights/2004/03-04/ChinaGrainReport.pdf>). Shrinking production, coupled with brisk exports in recent years, has reduced stocks for 4 years in a row, a trend expected to continue in 2004/05.

Global **barley** trade is forecast to expand 1.0 million tons to 15.2 million, as abundant exportable supplies throughout Europe and Ukraine provide a price stimulus to expand import demand in the Middle East. EU exports are forecast to rebound by 1.3 million tons to 3.0 million as production returns to more normal levels, more than offsetting the decline in Australia and Canada's exports (down by 600,000 tons to 6.0 million). Lower crop prospects in Russia will reduce its exports, but that could be offset by expanded exports from Ukraine as a result of a higher production forecast there.

Global **sorghum** trade patterns are expected to return to normal, with strong demand from Mexico and lower EU imports replaced by other domestic feed grains.

HIGHLIGHTS FOR 2004/05

Exporters

United States corn exports are forecast up 1.0 million tons to 53.0 million tons. **U.S. sorghum** exports are forecast up 300,000 tons to 5.5 million tons due to improved exportable supplies. **U.S. barley** exports are forecast little changed at 550,000 tons.

Argentine corn exports are up 1.5 million tons to 10.5 million based on a larger crop forecast.

China corn exports are forecast at 4.0 million tons, down 50 percent.

Brazil corn exports are down 1.0 million tons to 4.0 million, as expanding domestic use limits exportable supplies.

EU barley exports are forecast to rebound by 1.3 million tons to 3.0 million.

Lower **barley** production is expected to reduce **Australia's** exports by 400,000 tons to 4.2 million, while higher feed demand in **Canada** is expected to drop exports by 200,000 tons to 1.8 million.

Russia barley exports are slashed by 1.0 million tons to 1.8 million due to lower production.

Ukraine barley exports are raised by 1.0 million tons to 2.3 million as a result of a higher crop forecast.

Another good **sorghum** crop in **Australia** is expected to more than double exports to 500,000 tons, largely to Japan.

Brazil sorghum production continues to expand but the country will struggle to maintain the newly found EU export business. Australian competition will limit any trade to Japan.

EU oats are up 100,000 tons to 500,000 based on a stronger competitive position against Canada, which currently has robust demand for feed grains.

Importers

EU corn imports are forecast to drop by half to 2.5 million tons as a result of a record corn production and increased wheat feeding. The EU-25 is also expected to return to its normal role as a minor importer of **barley**, as imports drop from 700,000 tons to 350,000 tons because of higher out-of-quota tariffs. With more abundant domestic supplies of other preferred feed grains, **sorghum** imports are forecast to drop by over 1 million tons to their usual level of reduced-levy imports by Spain.

South Korea corn imports are expected to ease by 200,000 tons to 9.3 million due to higher imports of wheat for feeding.

Mexico corn is unchanged while **sorghum** imports are expected to increase to 4.5 million tons as a result of flat domestic production, expanding use, and lower U.S prices relative to corn.

Saudi Arabia barley imports are forecast up 800,000 tons to 6.5 million with more abundant lower-priced supplies available from the EU-25 and Ukraine.